

PUBLIC DISCLOSURE

May 22, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

SPRINGFIELD MASS. MUNICIPAL EMPLOYEES CREDIT UNION

1030 WILBRAHAM ROAD
SPRINGFIELD, MA 01109

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire local community, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **SPRINGFIELD MASS. MUNICIPAL EMPLOYEES CREDIT UNION** prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

Springfield Mass Municipal Employees Credit Union's Community Reinvestment Act (CRA) rating is based on five performance criteria, which are evaluated within the institution's performance context. The credit union's satisfactory rating is based on (1) an average net loan to deposit ratio of 71.3 percent; (2) a substantial majority of mortgage loans (92.9% by number and 92.6% by dollars) granted within its assessment area; (3) a reasonable lending distribution among borrowers of different income levels for both mortgage and auto loans; (4) a reasonable lending distribution throughout the census tracts comprising the assessment area and finally; (5) satisfactory implementation of fair lending procedures. No discriminatory lending practices were noted. No CRA complaints were received by the credit union.

PERFORMANCE CONTEXT

Description of Institution

Springfield Mass. Municipal Employees Credit Union (Springfield Municipal) was founded as a state-chartered industrial credit union in 1927. In April 2001, Springfield Mass Municipal Employees Credit Union received approval to expand its membership to include all persons, who work, reside or attend school in Hampden or Hampshire County. In March 2002, the credit union opened a limited-hours branch office in the Hampden County Hall of Justice in Downtown Springfield. Current credit union members number 7,349 individuals, while potential members are estimated at 42,000 individuals.

The institution's main office located on 1030 Wilbraham Road, Springfield, offers a drive-up teller window with extended hours and 24-hour ATM service with NYCE and Maestro network access. In addition, Springfield Municipal is a member of the SUM ATM network of financial institutions. SUM member institutions provide surcharge free ATM access to one another's ATM customers. A cash-dispensing ATM is also situated in the Hampden County Hall of Justice.

As of December 31, 2001, total assets were \$50.3 million of which total loans represented \$31.5 million or 62.8 percent of total assets. The following table depicts the composition of the credit union's loan portfolio.

Loan Portfolio as of December 31, 2001		
Type of Loans	\$(000's)	% of Total Loans
Residential Real Estate		
a. 1-4 Family Mortgages	20,508	65.0%
b. Home Equity Lines/Loans	3,794	12.0%
Consumer Loans		
a. Personal/Unsecured	1,537	4.9%
b. New Auto Loans	3,177	10.1%
c. Used Auto Loans	2,525	8.0%
All Other Loans		0.0%
Total	31,541	100.0%

First mortgage loans secured by 1-4 family dwellings represent the majority (65.0%) of the loan portfolio. The second largest segment (18.1%) of the loan portfolio includes new and used auto loans. Home equity lines and personal loans comprise the remaining portion (12.0% and 4.9%, respectively) of the loan portfolio.

The credit union's lending policy and credit products serve the diverse credit needs of its membership/assessment area. Unsecured personal loans and auto loans as of December 31, 2001 numbered 748 and 640 loans, respectively. Based solely on the number of loans, these loan groups represented 73.1 percent of all the institution's loans outstanding.

The Division of Banks last conducted a CRA exam of Springfield Mass Municipal Employees Credit Union, as an industrial based credit union on August 31, 1998. This examination resulted in the institution receiving a "Satisfactory" Community Reinvestment Act (CRA) rating.

DESCRIPTION OF ASSESSMENT AREA

The Division of Bank's Community Reinvestment Act (CRA) regulation requires that each financial institution delineate one (or more) assessment area(s) within which the institution's record of helping to meet community credit needs is evaluated. The Division's CRA regulation further states that "a credit union whose membership by-law provisions are not based on residence may delineate its membership as its assessment area." In the prior CRA evaluation, Springfield Mass Municipal Employees Credit Union was evaluated as an industrial credit, since at that time its membership by-law provisions were based primarily on the employment/occupation of the members.

The credit union expanded the membership by-law provisions in April 2001. This new by-law states " Membership in this corporation shall be limited to federal, state, or municipal employees who work in Hampden or Hampshire County; individuals who work, reside or attend school in Hampden or Hampshire County; employees of the credit union; and family members of such individuals." For purposes of this evaluation, Springfield Mass Municipal Employees Credit Union defines its assessment area on a geographic basis, since its membership qualifications now include residency in Hampden and Hampshire counties.

The credit union's assessment area includes the following Hampden County municipalities: the cities of Springfield, Chicopee, Holyoke, Agawam, Westfield and West Springfield, and the towns of Southwick, Ludlow, Longmeadow, East Longmeadow, Wilbraham, Hampden, Monson and Palmer, Russell, Montgomery, Granville, Blandford, Chester and Tolland. Additionally, the assessment area includes the following Hampshire County municipalities: the City of Northampton, the towns of Amherst, Pelham, Hadley, Hatfield, South Hadley, Granby, Belchertown, Easthampton, Southampton, Westhampton, Williamsburg, Huntington, Chesterfield and Goshen. In Hampden County, all of the municipalities are situated within the Springfield MA MSA with the exception of the towns of Granville, Blandford, Chester and Tolland and in Hampshire County the towns of Westhampton, Chesterfield, and Goshen.

The Springfield, MA MSA area median income or Family Household Income (FHI) is \$47,500 and 49,700 for 2000 and 2001, respectively. The Massachusetts' Non-metropolitan Areas median FHI is \$48,000 and \$50,500 for 2000 and 2001, respectively.

Demographic and Economic Data

The assessment area contains a total of 119 census tracts. There are 13 low-income tracts; 14 moderate-income tracts; 63 middle income tracts and 23 upper income census tracts. Lastly, there are 6 "NA" census tracts. An NA tract is a census tracts where demographic information is not available (NA), usually containing one or more institutions or commercial areas with little population. The NA tracts are situated in Springfield (1 tract within the city's commercial center), Chicopee (1 tract comprising the Westover industrial parks and air base), Amherst (1 tract adjacent to Hampshire College) and lastly, Northampton with 3 NA tracts housing the Leeds Veterans Hospital, the former Northampton State Hospital, and the Smith College campus.

The CRA regulation defines income levels as low-income (less than 50 percent of the area median income), moderate-income (50 to 79 percent of median family income), middle-income (80 to 119 percent of area median income), and upper-income (120 percent and greater of the area median income). The census tract income levels are based on the median family income within the given tract/geography. A significant economic contrast exists in the census tract composition of the more urban communities, particularly Springfield, Holyoke, and the suburban and rural communities within the assessment area. The low-income tracts are located in Springfield (8), Holyoke (4) and Amherst (1). The moderate-income geographies are situated in Springfield (8) and Chicopee (2) while Holyoke, West Springfield, Westfield and Amherst contain 1 moderate-income tract each.

The assessment area's total population based on 1990 U.S Census data was 591,849 residents; comprising 215,373 households of which 148,747 or 69.1 percent were family households. Households residing below the poverty level comprised 12.1percent of all assessment area households. The Massachusetts statewide level of households residing below the poverty level was 9.4 percent of all households. The total family households by income levels within the assessment area are as follows: 20.9 percent are low-income, 16.5 percent are moderate-income, 24.4 percent are middle income and 38.2 percent are upper income families.

The following table outlines the distribution of households and housing units by the census tract income levels.

Housing Characteristics by Income Category of the Geography							
Geographic Income Category	Distribution by Percentage						Median Home Value
	Census Tracts	Households	Housing Units	Owner-Occupied	Rental-Occupied Units	Vacant Units	
Low	10.9	8.1	8.3	1.6	17.7	13.1	\$87,708
Moderate	11.8	11.0	11.2	6.3	18.2	14.1	\$97,163
Middle	53.0	62.2	62.1	66.1	56.4	60.8	\$119,844
Upper	19.3	18.7	18.4	26.0	7.7	12.0	160,855
NA	5.0	0.0	0.0	0.0	0.01	0.0	\$0
Total or Median	100	100.0	100.0	57.0	37.7	5.3	\$122,192

Source: 1990 U.S. Census data

Housing stock is composed primarily of 1-4 family residential units (77.7% of all housing units) and multifamily dwellings of 5 units or more (19.7% of all housing units). Based on 1990 U.S. Census data, the median home value was \$122,192, the median age of housing units was 36 years, while the median rental was \$489 dollars.

The table below compares the median home prices for the communities listed, based on Registry of Deeds' transactions.

Assessment Area Median Home Prices		
	2000*	2001*
	\$	\$
Agawam	125,575	129,900
East Longmeadow	141,450	145,000
Monson	122,250	137,900
Springfield	76,000	84,000
Wilbraham	187,250	185,000

- Year-end 12 month median prices for single family dwelling per Warren Information Services

Overall, the above figures reflect an increase in home prices for the year 2001 over the year 2000 levels. The median price of a home in Springfield increased by \$8,000. Agawam experienced an average increase of \$4,325 in the median home price. Monson had the largest increase with single family homes rising by \$15,650. The City of Springfield is the most active housing market with 1,444 and 1,367 home sales in years 2000 and 2001, respectively. Monson had 74 single-family home sales in 2000 and 105 sales in 2001.

Mortgage activity within the assessment area is highly competitive with over 400 active mortgage lenders, which range from regional banks/mortgage companies to small mortgage lenders. The active lenders in 2000 originated or purchased a total of 14,899 loans totaling \$1.3 billion within the assessment area. The Home Mortgage Disclosure Act (HMDA) requires lenders to report all purchased mortgages, refinances and home improvement loans to their respective regulators. For the purpose of this evaluation however, Springfield Municipal Credit Union's mortgage lending activity will be compared to the HMDA reporting credit unions active within its assessment area. There are twenty-three credit unions (excluding Springfield Municipal Credit Union) that comprise this aggregate HMDA lenders group. These credit unions originated a total of 574 loans for \$41.8 million in the year 2000.

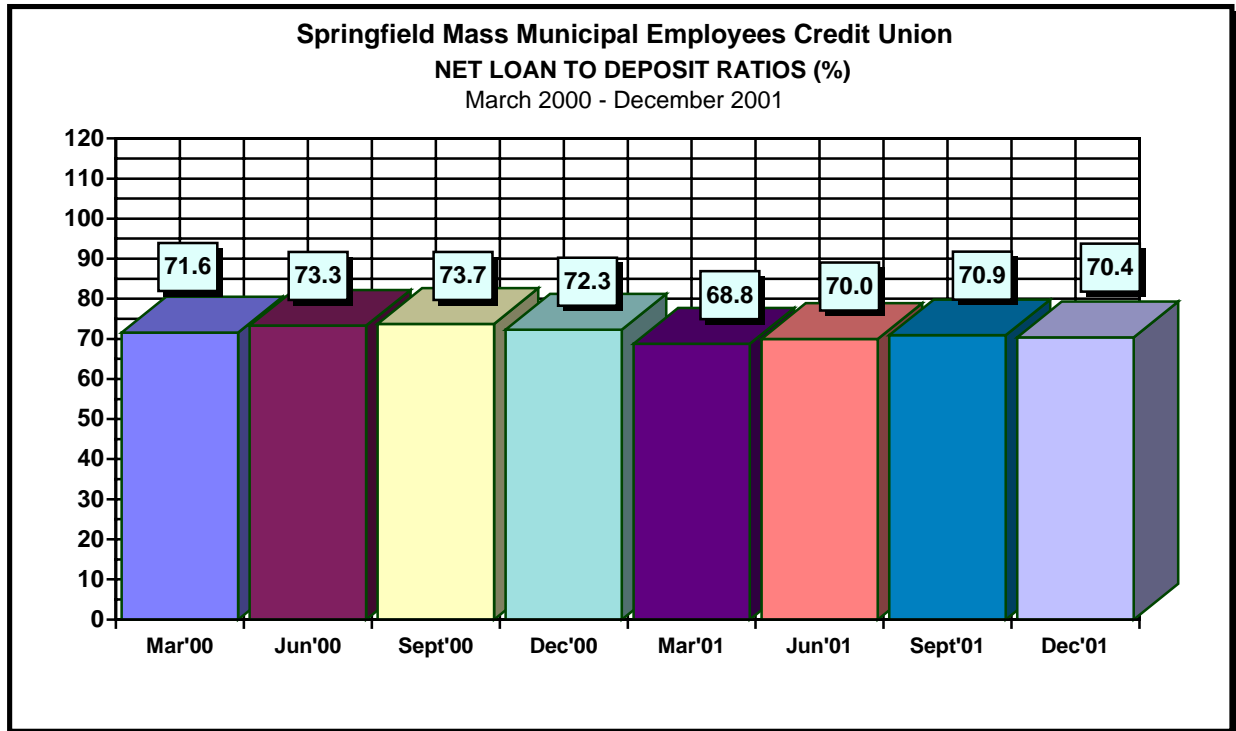
The top ten credit unions and their market share are as follows: (1) Polish National Credit Union (19.7%); (2) Western MA Telephone Workers (15.8%); (3) Aldenville Credit Union (10.6%); (4) Springfield Teachers Credit Union (10.3% market share); and (5) Holyoke Credit Union (7.3%); (6) Luso-American (6.9%); (7) Springfield Mass Municipal Employees (3.8%); (8) MassMutual Federal Credit Union (3.6%) and (9) Hamilton Standard Federal (3.2% market share) and Navy Federal (2.9%). These ten combined held 84.1% market share of all mortgage loans reported by credit unions under the HMDA requirements.

PERFORMANCE CRITERIA

1. LOAN TO DEPOSIT ANALYSIS

This first criterion evaluates the level and trend of the credit union's net loan-to-deposit ratio. The average net loan-to-deposit ratio is 71.3 percent for the period from March 30, 2000, through December 31, 2001. Springfield Mass Municipal Employees Credit Union's (Springfield Municipal Credit Union) performance is considered reasonable given membership credit needs and the institution's lending capacity.

The following graph depicts the loan to deposit ratio level and trend for the quarters reviewed.



The ratio of net loans to deposits has been nearly steady for the two years shown. During 2000 loan growth was only 1.8 percent, while deposit growth was 2.7 percent. However in 2001, the credit union experienced strong loan and deposit growth of 14.1 percent and 17.3 percent, respectively. This positive growth in loans demonstrates the institution's continuing efforts to meet the credit needs of its membership.

The table below compares the credit union's net loan to deposits ratio to five other financial institutions.

INSTITUTION	ASSET SIZE	NET LOAN TO DEPOSIT RATIO*
Agawam Credit Union	\$20.2M	32.1%
Holyoke Credit Union	\$56.7M	81.4%
Springfield Mass, Municipal Employees	\$50.3M	70.4%
Springfield Teachers Credit Union	\$85.3M	51.3%
W. Mass Telephone Workers Cr. Union	\$218.6M	78.2%
Polish National Credit Union	\$273.9M	46.9%

*Source: NCUA Call Report data, December 2001.

The above financial institutions are listed in descending order by asset size. The institutions' net loan to deposit ratios ranged from 81.4 percent (Holyoke Credit Union) to 32.1 percent (Agawam Credit Union).

In conclusion, Springfield Municipal Credit Union's average net loan to deposit ratio of 71.3 percent is reasonable and meets the standards for a satisfactory rating given the credit union's capacity to lend, its growth in lending activity and the credit needs of the assessment area.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

The second performance criterion is based on Springfield Municipal Credit Union's record of lending within the assessment area. The credit union's mortgage lending activity within the assessment area represents a substantial majority and consequently, exceeds the standards for a satisfactory performance. The credit union's HMDA reported mortgage loan originations in 2000 and 2001 were analyzed to determine the institution's performance for this criterion and the two subsequent lending criteria.

Springfield Municipal Credit Union originated in 2000, 26 mortgage loans totaling \$2.4 million and in 2001, 73 mortgage loans totaling \$7.4 million. The table below details the institution's lending activity for this criterion.

Mortgage Loan Originations Inside and Outside the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2000	25	96.1	2,337	97.5	1	3.9	61	2.5
2001	67	91.8	6,749	91.0	6	8.2	667	9.0
Total	92	92.9	9,086	92.6	7	7.1	728	7.4

Source: HMDA LAR, CRA Wiz

A substantial majority (92.9% by number and 92.6% by dollars) of mortgage loans granted are situated inside the assessment area. Additionally, of the total loans granted inside the assessment area, mortgage loans granted within the City of Springfield represent 46.5 percent (by number) and 34.1 percent (by dollars).

Mortgage loans granted in the Town of Wilbraham represent the second largest concentration with 13.1 percent (by number) and 17.9 percent (by dollars) of the total loans granted inside the assessment area.

Lastly, a sample of new and used auto loans (granted in 2000 and 2001) contained only one auto loan granted outside the assessment area, indicating that auto lending is also substantially situated inside the assessment area. In summary, given the levels of residential and consumer lending inside its assessment area, Springfield Municipal Credit Union exceeds the standard for a satisfactory performance.

3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

This third performance criterion evaluates the extent to which an institution lends to borrowers of different income levels inside its assessment area. Springfield Mass Municipal Employees Credit Union's residential/mortgage lending activity by borrower income level is considered to be reasonable and meets the standards for a satisfactory rating. Additionally, auto loans granted in 2000 and 2001 demonstrate that the credit union's lending meets the standards for a satisfactory performance.

Borrower income levels were compared to the area median/Family Household Income (FHI) for the MSA. By definition, borrowers qualify as low income (below 50% of MSA median FHI), moderate-income (between 50% and 79% of MSA median FHI), middle-income (between 80 and 119% of MSA median FHI) and upper-income (120% or more of MSA median FHI). The Springfield, MA MSA area median income or Family Household Income (FHI) was \$47,500 and \$49,700 for 2000 and 2001, respectively. In 2001, a low-income family earned \$24,000 or less, while a moderate-income family household earned from \$25,000 to no more than \$39,000, annually. Middle income families had incomes ranging from \$40,000 to \$59,000, while upper income family households earned \$60,000 or more, annually.

The table below details the institution's mortgage lending activity by the borrowers' income levels; and compares this performance to both the HMDA aggregate credit unions' data and to the distribution of family households.

Distribution of Mortgage Loans by Borrower Income								
Median Family Income Level	Family Households (% of #)	2000 Aggregate Lenders Data	2000		2001		Totals	
		% of #'s	#	%	#	%	#	%
Low	20.9	4.0	1	4.0	2	3.0	3	3.3
Moderate	16.5	14.6	2	8.0	3	4.5	5	5.4
Middle	24.4	27.6	6	24.0	13	19.4	19	20.7
Upper	38.2	53.8	16	64.0	49	73.1	65	70.6
Total	100.0	100.0	25	100.0	67	100.0	92	100.0

Source: U.S. Census, HMDA Aggregate Data PCI Services CRA Wiz and Sample Credit Union origination reports.

Comparison with the 2000 aggregate lenders' data indicates the level of lending opportunities, which exists among borrowers of different income categories. The aggregate lenders' data reflects well the demographic distribution of moderate-income and middle-income families within the assessment area. In contrast, the aggregate credit unions' distribution to low-income borrowers is below the demographic distribution of these

families, while its lending to upper income borrowers is well above the demographic distribution of these families within the assessment area.

The credit union's 2000 lending distribution tends to be somewhat low in comparison to the aggregate. While the credit union's performance in lending to low-income borrowers exceeded the aggregate in 2000, there was only one loan involved. The credit union's lending distribution to moderate-income borrowers is below both the aggregate lenders' performance and the distribution of moderate-income family households. Springfield Municipal Credit Union's lending to middle-income borrowers is somewhat below the aggregate lenders' level also yet corresponds reasonably to the distribution of middle-income families within the assessment area. Lastly, the credit union's lending to upper-income borrowers is notably above both the aggregate lenders' distribution and the demographic distribution of upper-income family households within the assessment area.

A number of factors contribute to Springfield Municipal Credit Union's high level of mortgage loans to upper income borrowers. The principle reason however, for the imbalance would seem to rest with the institution's mortgage product offerings, as the credit union's maximum Loan to Value (LTV) is 80.0 percent of the appraised value or purchase price of the home. In addition, the maximum term offered is 25 years. Most homebuyers of moderate or middle incomes would need a mortgage with a 30-year term and a higher LTV than 80%, due to the difficulty of acquiring the remaining 20% (of value) as a down payment. It is notable that the credit union's lending distribution for 2001 continues the trend of a high level of mortgage loans granted to upper income borrowers, indicating further that product offerings are limiting the institution's lending appeal to all income levels of applicants. In concluding, given the continued lending patterns to low-income and middle-income borrowers, Springfield Municipal Credit Union's mortgage loan distribution (by borrower income levels) is considered to be reasonable and to meet standards for a satisfactory performance.

The credit union's auto lending was analyzed for 2000 and 2001 and found to demonstrate a more even and improved distribution of loans among borrower income levels, particularly moderate-income and middle-income borrowers. A sample group for each year was randomly selected based on the total number of new/used car loans granted to determine a statistically accurate sample group. In 2000, the credit union granted 171 new and used auto loans totaling \$1.1 million and in 2001, granted 234 new/used auto loans totaling \$2.3 million.

The table below details the borrowers' income distribution for the loans sampled. The number and dollar amount of loans are included.

Auto Loan Originations by Borrower Income Levels												
Income Levels	2000				2001				Totals			
	#	%	\$(000)	%	#	%	\$(000)	%	#	%	\$	%
Low	2	5.4	15	3.2	4	10.0	47	8.6	6	7.8	62	6.1
Moderate	5	13.5	68	14.4	11	27.5	123	22.4	16	20.8	191	18.7
Middle	16	43.4	179	38.1	13	32.5	188	34.2	29	37.7	367	36.0
Upper	14	37.7	209	44.3	12	30.0	191	34.8	26	33.7	400	39.2
Totals	37	100	471	100	40	100	549	100	77	100	1,020	100

Based on the two years' total, the above loan distribution demonstrates that moderate and middle-income borrowers combined received 58.5 percent (by number) and 54.7 percent (by dollar) of the loans granted. Low-income borrowers received the smallest portion (7.8% by number and 6.1% by dollar volume) of loans granted. Lastly, auto loans granted to upper income borrowers; representing 33.7 percent (by number) and 39.2 percent (by dollar volume) of the loans analyzed, reflected a reasonable lending distribution to this income group. Overall, the above analysis demonstrates a good distribution among borrower income levels, particularly to moderate-income and middle-income borrowers. It should be noted however, that borrowers of auto loans are generally individual borrowers and that their incomes are compared to median family income, which may have the effect of somewhat skewing the distribution more towards lower-income levels.

The above distribution demonstrates that new and used auto loans are a credit product that serves a reasonable cross-section of the credit union's membership.

In conclusion, Springfield Mass Municipal Employees Credit Union performance is considered to meet standards for a "satisfactory" rating for this criterion. The institution's loan distribution among borrowers of different income levels is considered reasonable for both mortgage and auto loans, given the consistent level of loans granted to moderate and middle-income borrowers.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

This fourth performance criterion evaluates the institution's record of addressing the credit needs of its assessment area, based on the geographic distribution of loans. Springfield Municipal Employees Credit Union's performance for this criterion is reasonable and consequently, meets the standards for a satisfactory performance. Census tracts/geographies are defined as either low, moderate, middle, or upper-income. The same comparative income levels that applied to borrowers' incomes are also applied to census tracts/geographies; however, census tract income levels are based on 1990 U.S. census data.

The table below details the institution's mortgage lending activity by the census tract income levels; the table further compares this performance to both the HMDA aggregate credit unions' data and to the distribution of owner occupied dwellings within the assessment area.

Distribution of Mortgage Loans by Income Category of the Census Tract								
Census Tract Income Level	Owner-Occupied Housing Units (%)	2000 Aggregate Lenders' Data	2000		2001		Total	
		% of #	#	%	#	%	#	%
Low	1.6	0.3	0	0.0	0	0.0	0	0.0
Moderate	6.3	2.3	1	4.0	1	1.5	2	2.2
Middle	66.1	67.4	13	52.0	45	67.2	58	63.0
Upper	26.0	30.0	11	44.0	21	31.3	32	34.8
Total	100.0	100.0	25	100.0	67	100.0	92	100.0

Source: 1990 U.S. Census, HMDA LAR, HMDA Aggregate Data

The aggregate lenders' distribution by census tract income levels, reasonably parallels the distribution of owner occupied housing units within the assessment area. The aggregate lenders' geographic distribution is well centered in the middle income tracts with 67.4 percent (by number) of loans situated within these tracts/geographies. In contrast, the lenders' market penetration/lending distribution within the low-income and moderate-income geographies is below the levels of owner occupant units. However, the groups' lending distribution within the upper income tracts remains reasonable, yet somewhat above the level of owner occupied dwellings within these tracts. The above housing demographics are based on the 1990 U.S. Census and notably, changes may have occurred in the distribution of owner occupied housing units within the assessment area.

Springfield Municipal Credit Union's 2000 geographic lending distribution follows the general pattern of the assessment area's housing demographics and the aggregate credit unions' geographic distribution. The table demonstrates, however, some variances occurred. The credit union's lending in the middle tract (52.0% by numbers of loans) was considerably below both sets of comparative data. Likewise in 2000, Springfield Municipal Credit Union's geographic distribution of loans within the upper income geographies was considerably above both the aggregate lenders' and the housing demographic distributions. It is notable that the credit union granted one loan within the moderate tracts and exceeded the aggregate lenders' level of loans within these geographies for 2000.

Furthermore, Springfield Municipal Credit Union's overall geographic distribution improved in 2001 and shifting to a lending distribution solidly based in the middle income census tracts and more closely mirroring the aggregate lenders' distribution and the assessment area's housing demographics. Consequently, the credit union's geographic distribution for

mortgage loans is considered to be reasonable and to meet the standards for a satisfactory performance.

The sample of auto loans was also analyzed based on the geographic location of the borrowers. This distribution was reasonable with the overwhelming majority of loans granted within the middle income census tracts. The following table details the credit union's geographic distribution for auto loans.

New and Used Auto Loan Originations by Census Tract Income Levels												
Income Levels	2000*				2001*				Totals			
	#	%	\$(000)	%	#	%	\$(000)	%	#	%	\$	%
Low	1	2.8	12	2.6	3	7.7	45	8.4	4	5.3	57	5.8
Moderate	2	5.6	27	6.0	2	5.1	25	4.7	4	5.3	52	5.3
Middle	24	66.7	288	63.4	28	71.8	375	70.0	52	69.4	663	67.0
Upper	9	24.9	127	28.0	6	15.4	91	16.9	15	20.0	218	21.9
Totals	36	100	454	100	39	100	536	100	75	100	990	100

*Note: for 2000 and 2001, one loan's census tract number was not known.

Further review of the above distribution indicates higher levels of auto loans granted to borrowers residing within the low-income and moderate-income geographies, while lending to borrowers in the upper income tracts is balanced and reasonable.

In summary, Springfield Municipal Credit Union's geographic distribution for both mortgage and auto lending is considered reasonable and meets standards for a satisfactory performance due to the credit union's continued lending among all income levels of census tracts, particularly moderate and middle-income geographies.

5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES

Springfield Municipal Credit Union received no CRA related complaints in the period under review. The credit union has an adequate record of implementing practices. The following discussion is based on the guidelines of the Division of Banks' Regulatory Bulletin 2-3-101. The institution's loan policy prohibits discrimination against the prohibited classes listed under the Equal Credit Opportunity Act (ECOA).

As a portfolio mortgage lender, Springfield Municipal Credit union offers fixed rate mortgage loans with a maximum term of up to 25 years, and maximum loan to value (LTV) of 80 percent. The credit union lends mortgage funding for owner-occupied, single family dwellings only. The credit union's real estate loan policy calls for FNMA (Federal National Mortgage Association) income to debt guidelines and requires that all residential lending personnel be "properly instructed" in secondary market underwriting guidelines. The credit union offers Home Equity Lines up to \$50,000 maximum and a 15 year term including 10 year draw, 5 year payback period.

The credit union offers an array of consumer loan products, including new vehicle loans with LTV of 95 percent, a maximum loan of \$40,000 and term of 5 years. Used vehicle products offer (for late model cars) a maximum loan amount of \$25,000 with 90 percent LTV; and for older models a maximum loan of \$15,000/80 percent LTV. Springfield Municipal Credit Union now offers a 100% LTV car loan (for new and late models) under Massachusetts' parity powers. Furthermore, the credit union offers closed end personal loans (unsecured) with a maximum amount and term of \$8,000/5 years. Open-end personal loans offer an \$8,000 maximum amount and a 4 year maximum term. The credit union's consumer loan policy allows for a ratio of 50 percent of gross monthly income for total indebtedness.

The institution's second review of mortgage loans is accomplished through the review and approval process outlined in the credit union general laws. The credit committee reviews all applications and appraisals and recommends a loan amount (based on the property value) or declines the loan application. The Board of Directors holds final approval/denial decision on all mortgage applications.

MINORITY APPLICATION FLOW

The credit union received a total of 6 residential loan applications from minority applicants from within the assessment area for the two years reviewed. This represents 6.3 percent of all applications from within the assessment area. In 2000, Springfield Municipal Credit Union received 4.0 percent of its applications from minority applicants, as compared to 4.5 percent minority applicants for the aggregate. However Springfield Municipal Credit Union's minority application flow of 6.3 percent for the combined years of 2000 and 2001 indicates a good level of attracting minority applicants.

The assessment area population (based on 1990 U.S. Census data) was 591,849 residents, of whom 92,565 individuals are members of a racial minority. The total population's racial composition is as follows: Native American (0.2%), Asian (1.4%), Black (5.9%), Hispanic (8.1%) and Other Minorities (0.1%) and 84.4% Caucasian.

The table below details Springfield Municipal Credit Union's minority application flow for the two years reviewed and the aggregate HMDA credit unions' 2000 data.

Mortgage Applicants by Race/Ethnicity								
RACE	AGGREGATE DATA 2000		Credit Union 2000		Credit Union 2001		Credit Union Totals	
	#	%	#	%	#	%	#	%
Native American	1	0.2	0	0.0	0	0.0	0	0.0
Asian	2	0.3	0	0.0	0	0.0	0	0.0
Black	12	1.8	0	0.0	3	4.3	3	3.2
Hispanic	14	2.1	1	4.0	2	2.9	3	3.2
Other	1	0.2	0	0.0	0	0.0	0	0.0
Total Minority	30	4.5	1	4.0	5	7.2	6	6.3
White	590	88.9	24	96.0	65	92.8	89	93.7
NA	44	6.6	0	0.0	0	0.0	0	0
Total	664	100.0	25	100.0	70	100.0	95	100.0

Source: HMDA-LAR, CRA Wiz .

Conclusion/Fair Lending

Springfield Municipal Credit Union's record of implementing fair lending practices is rated "satisfactory". This rating is particularly based on the institution providing credit products designed to meet the credit needs of the assessment area, efforts to market these credit products to all segments of the assessment area, and efforts to review all denied mortgage loan applications to ensure fairness in the underwriting and loan application process.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

SPRINGFIELD MASS. MUNICIPAL EMPLOYEES CREDIT UNION

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **MAY 22, 2002** has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
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_____	_____

A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.